

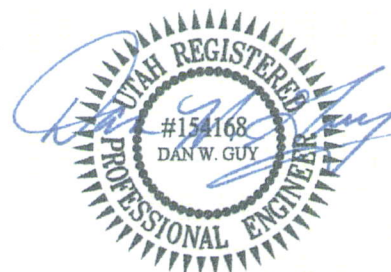
03-07-2007

"BLUE CASTLE MINE"

NOTICE FOR EXPLORATION ACTIVITY

Prepared by:

*Blackhawk Engineering, Inc.
Dan W. Guy, P.E.
1056 W. 2060 N.
Helper, Utah 84526
(435) 637-2422*



NOTICE

(For operations Proposed Under the 43CFR3809 Regulations)

Name of Mine:

Blue Castle Mine

Operator's Name:

*GoldTerra, Inc.
P.O. Box 783
Price, Utah 84501*

Points of Contact:

Primary Point of Contact:

*Daniel Sheppard, President
Phone: (831) 455-9888
Fax: (831) 455-9007*

Local Point of Contact: (Copies)

*Dan W. Guy
Blackhawk Engineering, Inc.
1056 W. 2060 N.
Helper, Utah 84526
Phone: (435) 637-2422
Fax: (435) 637-2431
E-mail: blackhawk@preciscom.net*

Tax I.D. Number:

86-0861720

Ownership of Land Surface:

Public Domain (BLM)

NOTICE

(For operations Proposed Under the 43CFR3809 Regulations)

Ownership of Minerals:

Public Domain (BLM)

Claimant Name:

*GoldTerra, Inc.
P.O. Box 783
Price, Utah 84501*

Claim Name:

GTR 7

Claim Type:

Placer

BLM Claim Serial Number:

UMC365361

Location of the Proposed Activity:

<i>Township</i>	<i>16</i>	<i>South</i>
<i>Range</i>	<i>14</i>	<i>East</i>
<i>Section</i>	<i>29</i>	
<i>Description</i>	<i>E1/2 NE1/4 SE1/4</i>	

NOTICE

(For operations Proposed Under the 43CFR3809 Regulations)

Other Authorizations:

1. UTU-77642, Former BLM approval for less than 5-acre notice.
2. S/015/077 - Existing Small Mine Permit from Utah Division of Natural Resources.
3. Emery County Planning/Zoning Approval.
4. Archeological clearance from SHIPO.
5. Air Quality Approval Order for Large Mine Plan - DAQE-35401, May 30, 2001.

Describe Any Existing Disturbances and Structures or Indicate on Maps or Sketches:

Approximately 1100' long x 16' wide gravel road (0.404 acres) into the mine area, and approximately 0.441 acres of actual disturbance for exploration, for a present disturbance of approximately 0.845 acres.

Proposed Period of Operation:

From January through December.

Proposed Activities:

Activities Proposed at the site will include the following:

- (1) Ingress/Egress over a 16' wide x 1100' graveled roadway;
- (2) Sampling - See Figure 3
 - (a) Grab samples will be taken throughout the site on a 50' grid pattern as shown on Figure 3.
 - (b) Additional auger sampling will be used on locations of higher interest, based on the results of the grab samples.
 - (c) Bulk samples will also be taken at specified locations on the site. These samples will range from a few hundred to a few thousand pounds of material. These samples will be taken by a backhoe and shipped from the site by truck.
 - (d) Drilling is not presently proposed at this site. If the above sampling programs indicate a need for deeper sampling, GoldTerra, Inc. will submit a drilling plan with details on rig type, locations and closure of holes for approval prior to initiating the program.

NOTICE

(For operations Proposed Under the 43CFR3809 Regulations)

Proposed Reclamation:

The proposed exploration site is a steep, barren shale slope with a small flatter area at the base, as shown on the attached map. The plan is to conduct extensive exploration using one of the methods described in the Proposed Activities section. Collection of bulk samples may require removal of the ore material to the angle shown on the exploration cross section. Because this is a clay/shale mixture, there are no plans to return the waste material from the sampling process, due to stability concerns.

If drilling is conducted all drill holes will be filled with native material or cuttings to within 12" - 18" of the surface. The top 12" - 18" of the hole will then be filled with concrete. All holes created by grab sampling or augering will be filled to approximate original contour.

Once exploration is completed, all equipment will be removed from the site. Any trash and contaminated soil will also be removed and taken to an approved disposal site. The barren slope configuration will be as shown on the Reclamation Cross Section. This steep Mancos slope will conform to natural slopes in this area. Due to the lack of natural vegetation on the steep slopes, there are no plans to reseed these areas. The flatter, facilities area and access road will be graded to approximate original contour and ripped to a depth of 6" to 8" using a dozer. These areas will then be reseeded by hand broadcast methods with the seed mix listed in Attachment 1.

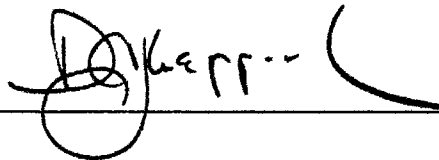
As discussed in the hydrology section above, no major changes will be made to the existing hydrology for operations of the mine site. During reclamation, the area will be regraded to restore natural drainage patterns prior to mining. The silt fence will be left in place below the mine site until re-establishment of vegetation or approved for removal by the management agency.

NOTICE

(For operations Proposed Under the 43CFR3809 Regulations)

I will complete all necessary reclamation of areas disturbed during my operations to the standards described in 43CFR3809.1-3(d) and as required by the Utah Mined Land Reclamation Act (40-8) and the rules specified by the Board of Oil, Gas and Mining, and reasonable measures to prevent unnecessary or undue degradation of the federal lands during operations.

Signature of Operator: _____



Name (typed or printed): _____

Daniel Sheppard

Title/Position: _____

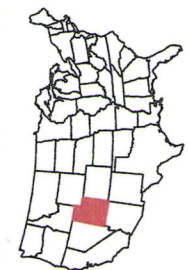
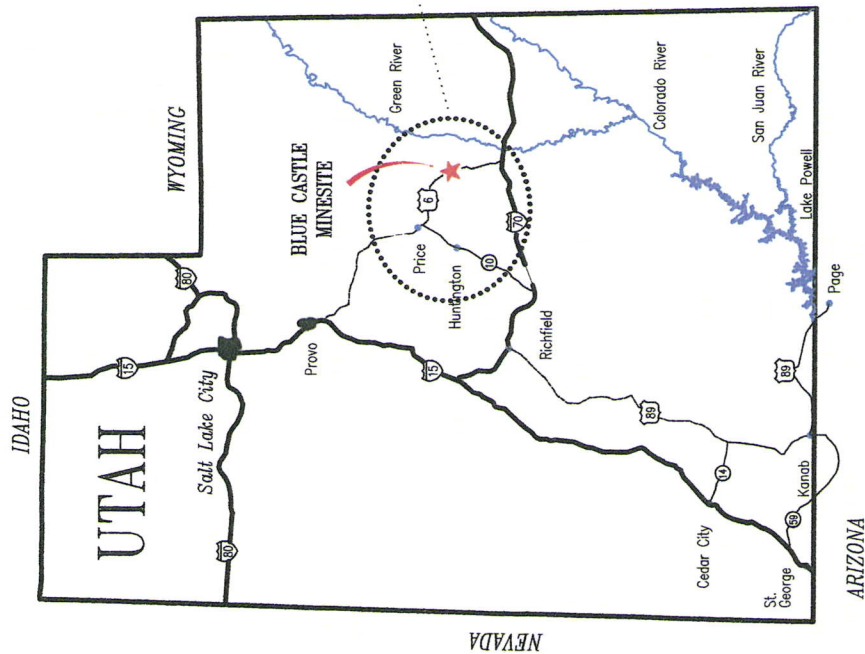
President

Date: _____

March 16, 2009

BLUE CASTLE MINESITE

LOCATION MAP



PROJECT AREA DETAIL

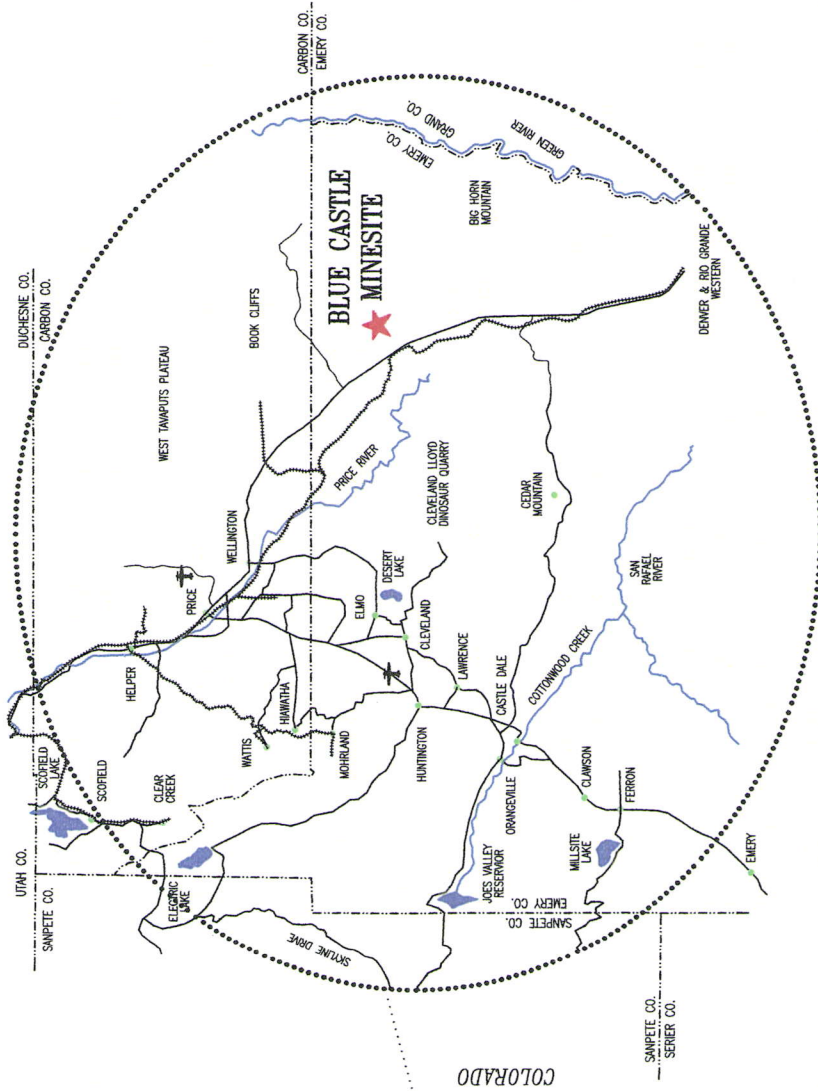


FIGURE 1

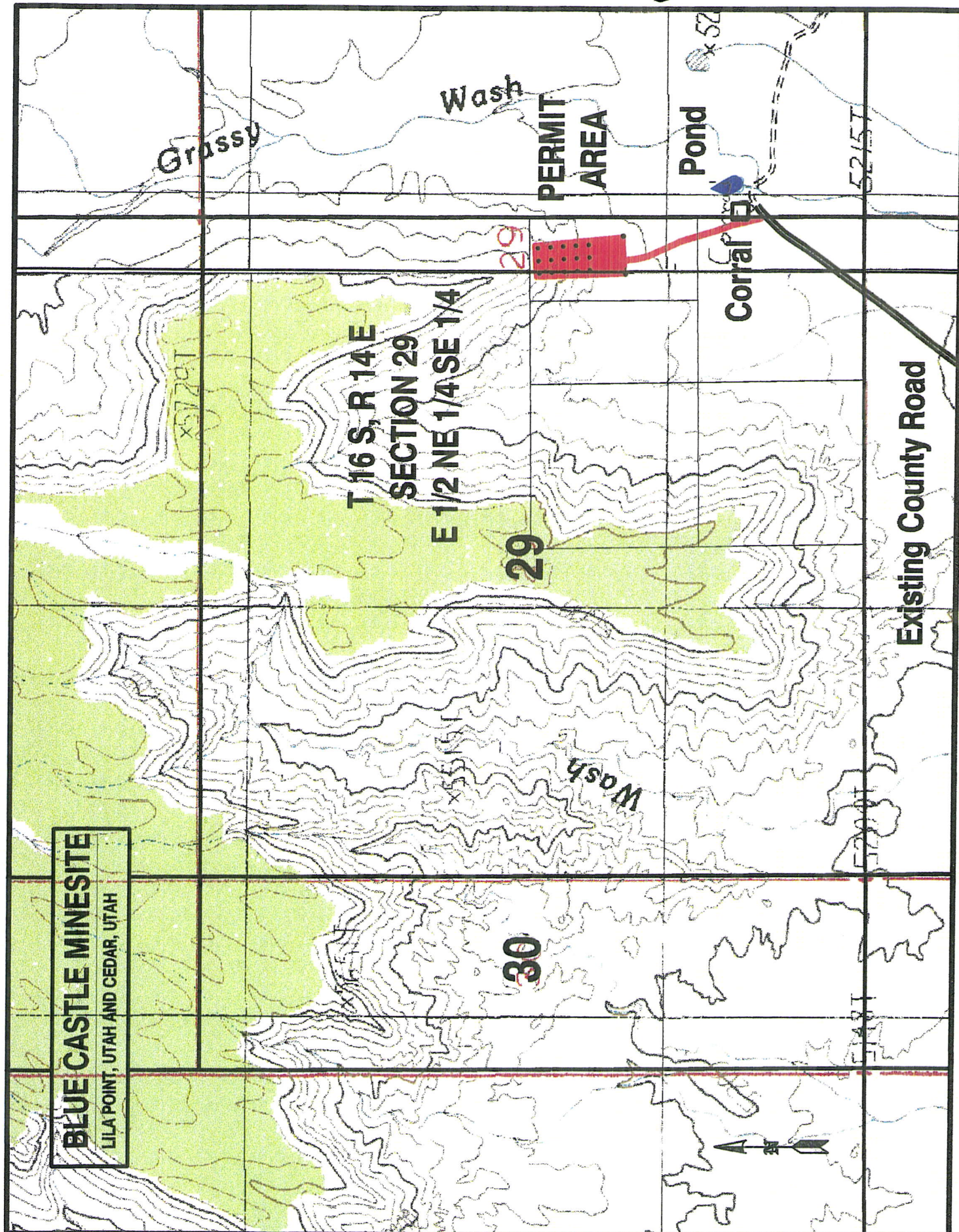


FIGURE 2

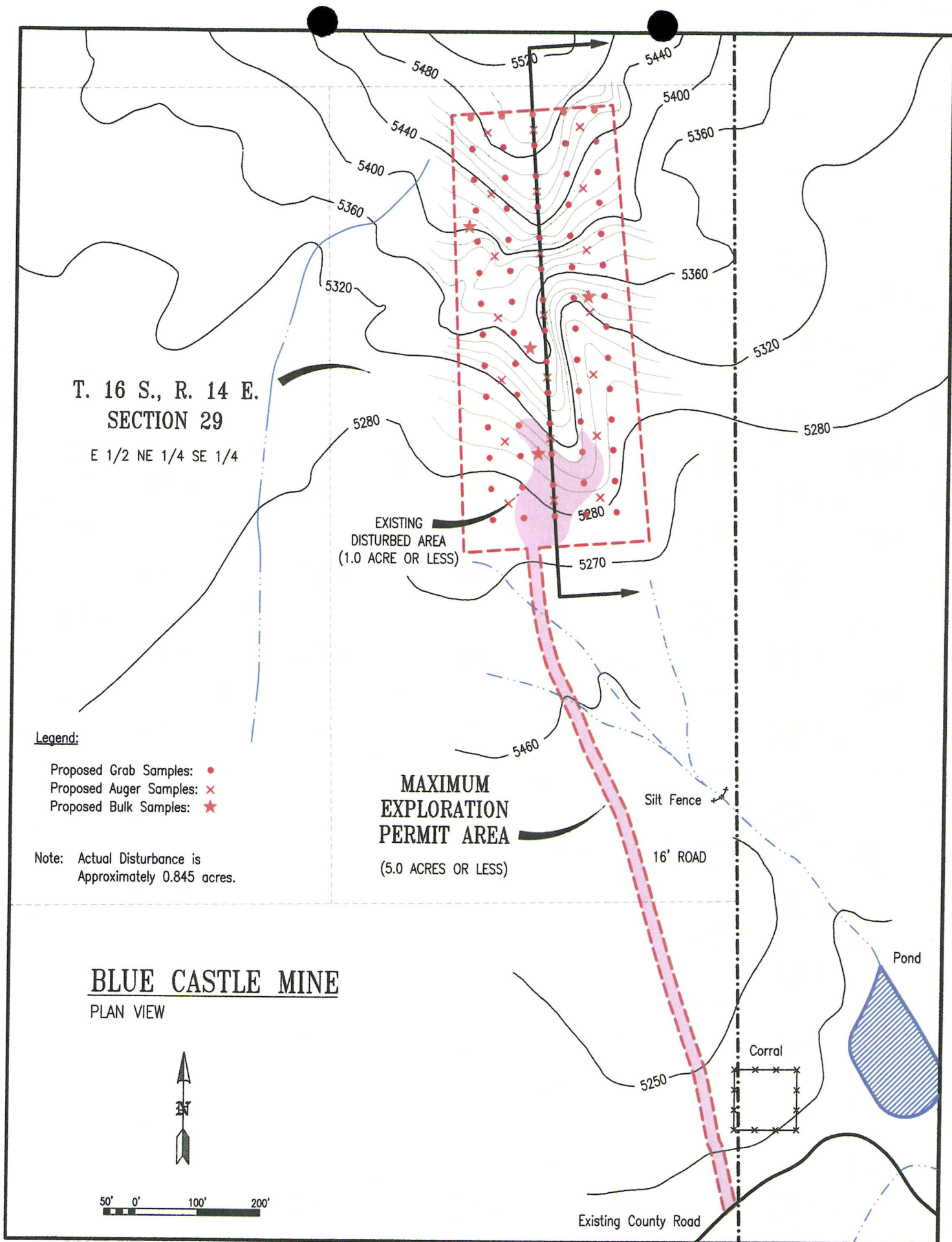
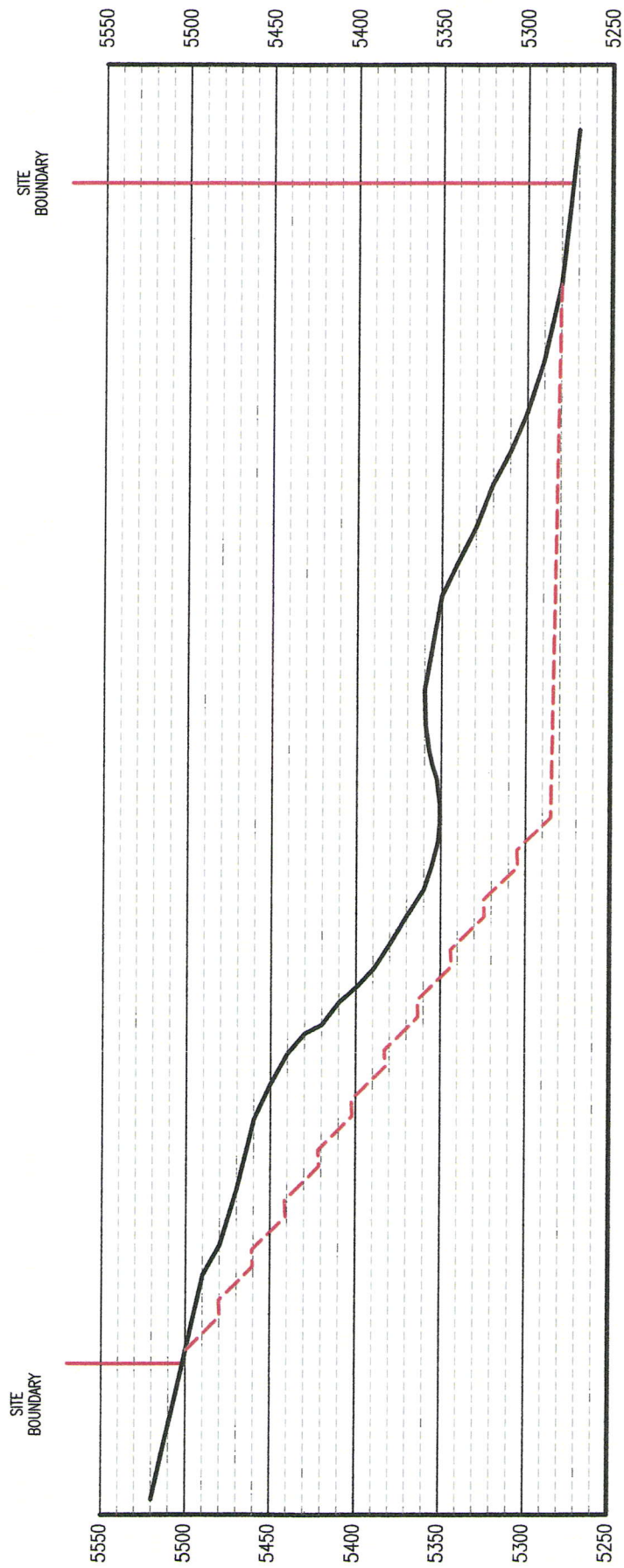


FIGURE 3

BLUE CASTLE MINE EXPLORATION

TYPICAL CROSS-SECTION

MINING CROSS-SECTION



EXISTING PROFILE:

PROJECTED EXPLORATION LIMIT:

TERRACE
TYPICAL SECTION

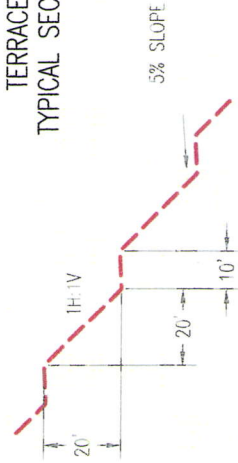
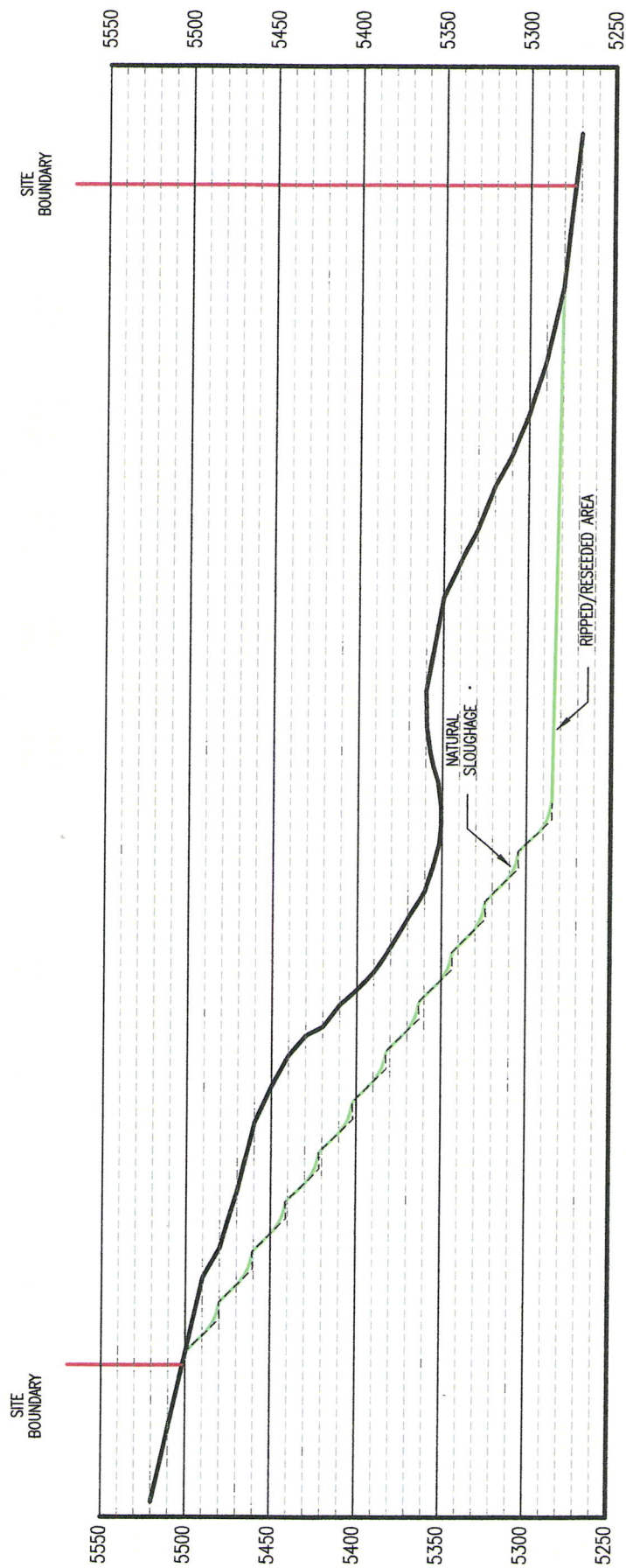


FIGURE 4

BLUE CASTLE MINE EXPLORATION

TYPICAL CROSS-SECTION

RECLAMATION CROSS-SECTION



EXISTING PROFILE:

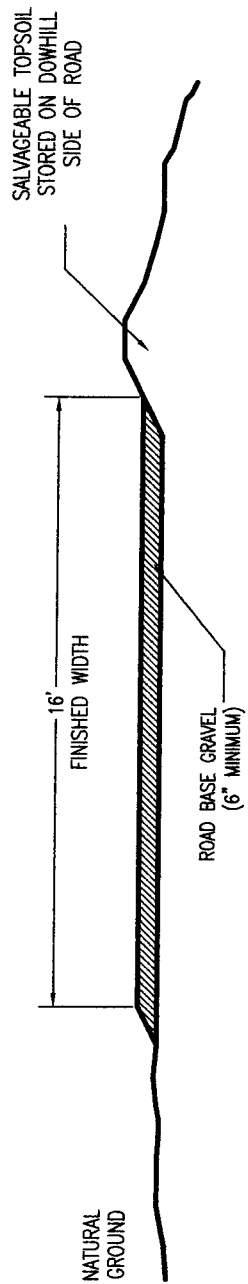
PROJECTED EXPLORATION LIMIT:

PROJECTED RECLAMATION:

FIGURE 5

BLUE CASTLE MINE EXPLORATION

ACCESS ROAD



TYPICAL SECTION

FIGURE 6

BLUE CASTLE MINESITE

PHOTOS



PROPOSED MINE SITE AND ACCESS ROAD



PROPOSED MINING SITE

SEED MIX

per Acre:

GRASSES

3#	Crested Wheatgrass	Agropyron cristatum
2#	Needle & Thread	Stipa comata
2#	Galleta	Hilana jamesii
1#	Indian Ricegrass	Oryzopsis hymenoides

FORBS

3#	Yellow Sweet Clover	Melilotus officinalis
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SHRUBS

1#	Fourwing Saltbush	Atriplex canescens
.5	Winterfat	Kraschennikovia lanatu

12.5# per acre — PLS (Broadcast over disturbed area)

TES INVENTORY
BLUE CASTLE MINE
SITE PHOTOGRAPHS

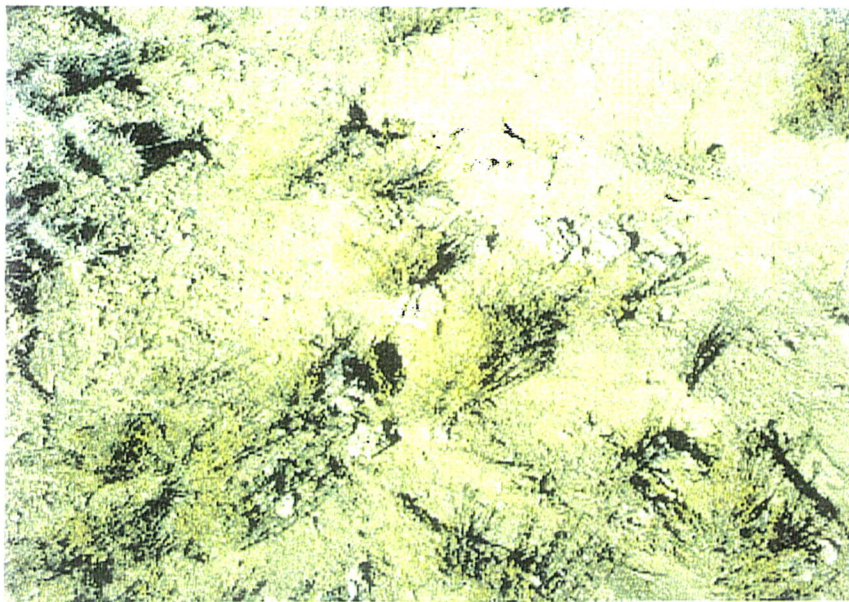


Exhibit # 1



Exhibit #2

VEGETATION INVENTORY
BLUE CASTLE MINE
SITE PHOTOGRAPHS



Exhibit # 1

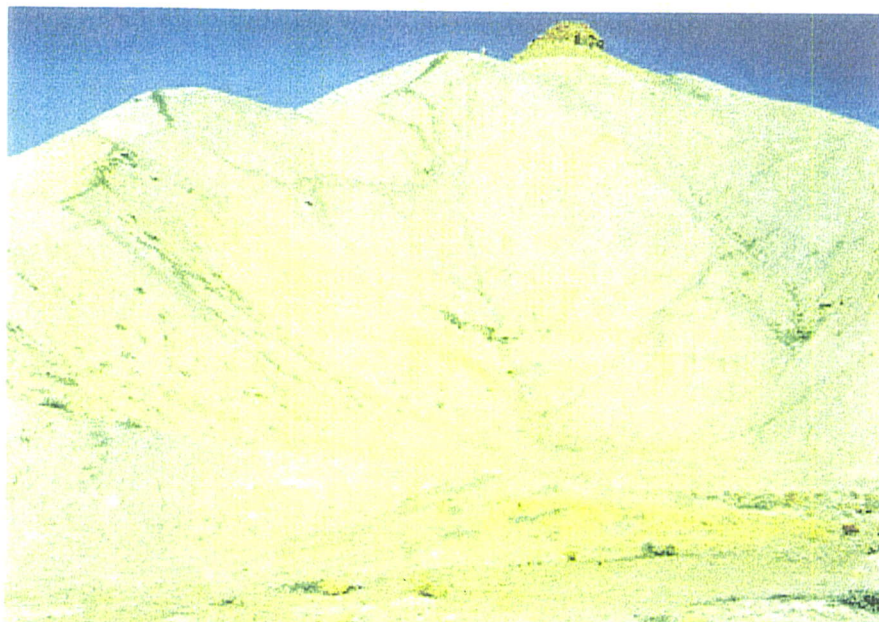


Exhibit # 2

VEGETATION INVENTORY
BLUE CASTLE MINE
SITE PHOTOGRAPHS



Exhibit # 3 Chrysothamnus



Exhibit # 4 Penstemon

VEGETATION INVENTORY
BLUE CASTLE MINE
SITE PHOTOGRAPHS

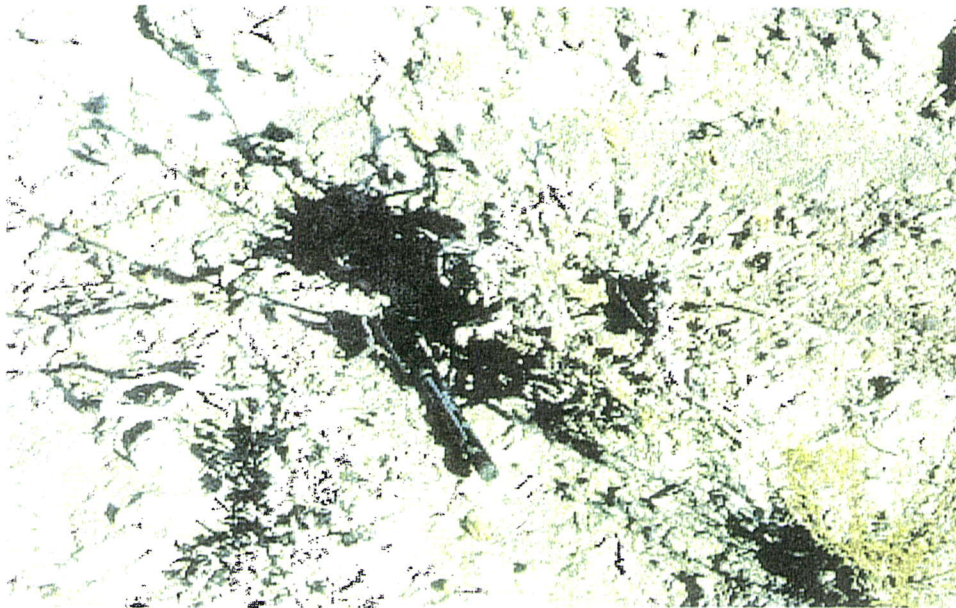


Exhibit # 5 Globe mallow

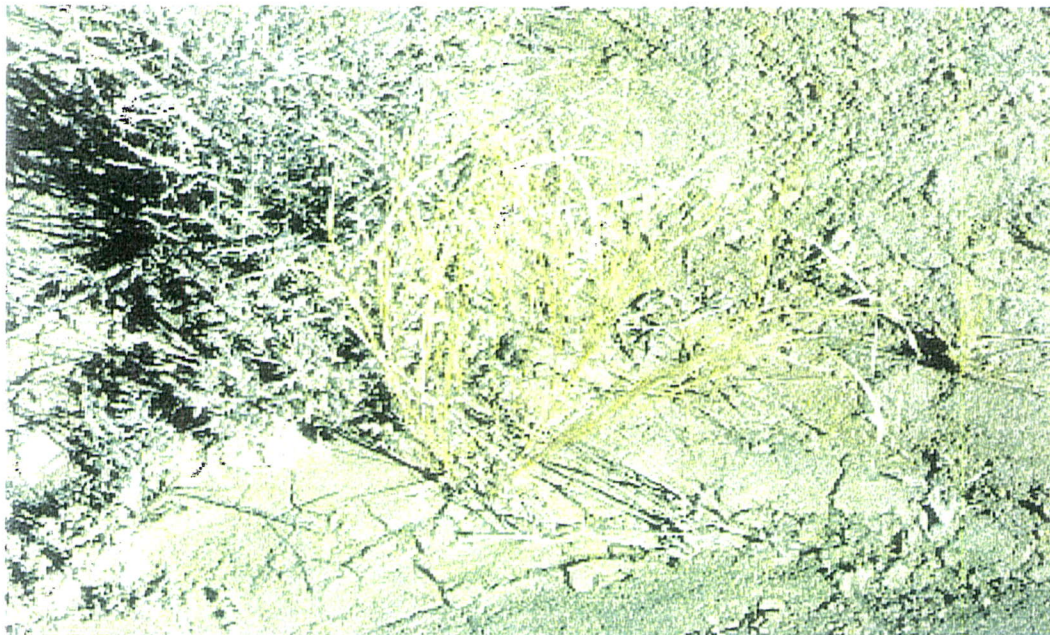


Exhibit # 6 Needle & thread grass

VEGETATION INVENTORY
BLUE CASTLE MINE
SITE PHOTOGRAPHS

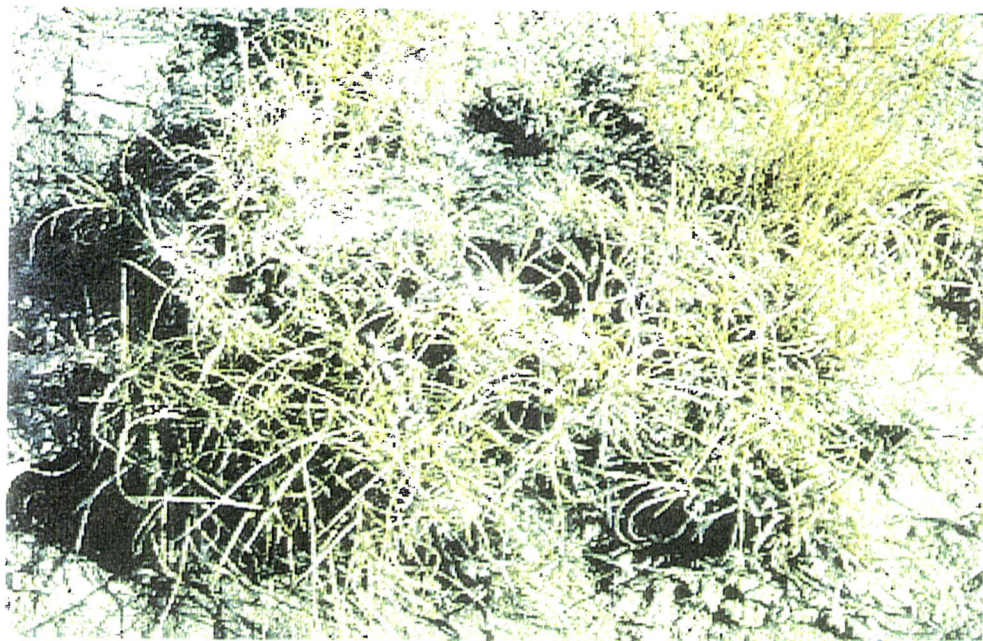


Exhibit # 7 Galleta

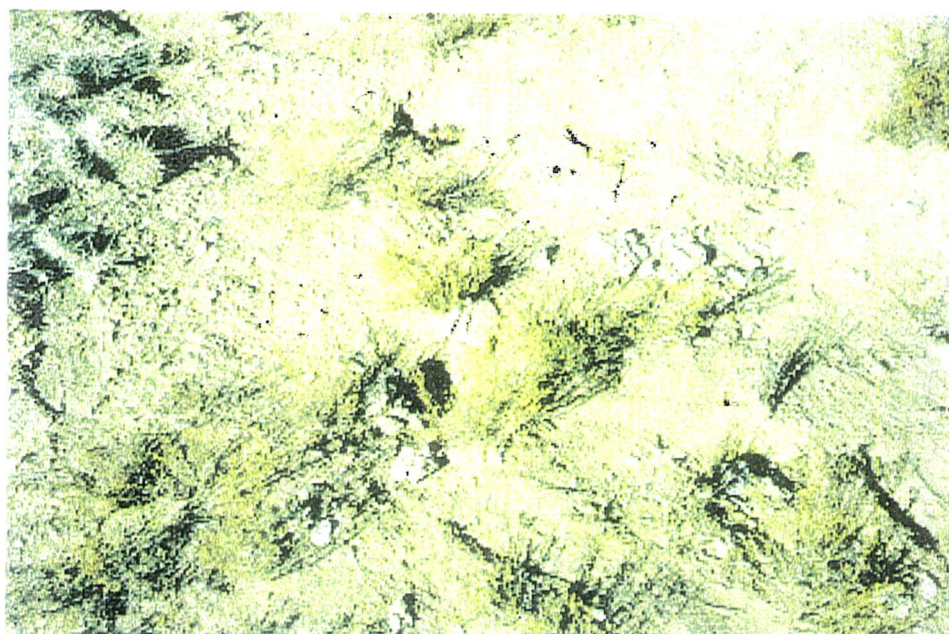


Exhibit # 8 Snakeweed

VEGETATION INVENTORY
BLUE CASTLE MINE
SITE PHOTOGRAPHS



Exhibit # 9 Fishhook cactus



Exhibit # 10 Prickly pear cactus



ENVIRONMENTAL INDUSTRIAL SERVICES

435-472-3814 • 800-641-2927 • FAX 435-472-8780 • EIS@CASTLENET.COM • 31 NORTH MAIN STREET HELPER, UTAH 84526

VEGETATION INVENTORY BLUE CASTLE MINE GoldTerra

On February 3, 1999 E.I.S. conducted a vegetation inventory for the proposed Blue Castle Mine site. Mel Coonrod and David Steed conducted the inventory.

The area was divided into two separate units. Unit A: Vegetated area and Unit B: Bare Mancos. (See exhibit 1, Unit A and exhibit 2, Unit B.) The bare Mancos area was devoid of any vegetation, therefore Unit B is not considered relative to species lists or productivity.

Unit A has relatively poor productivity, estimated at approximately 100 pounds per square acre. The soil is largely weathered mancosite with a scattering of sandstone flakes. The total depth of both A and B horizons averages less than 3 inches in most areas.

A total inventory of the area was conducted. Follows is a list of species which were identified:

GRASSES:

Galleta	<i>Hilaria jamesii</i>
Needle & Thread	<i>Stipa comata</i>
Indian Rice Grass	<i>Oryzopsis hymenoides</i>

**-PAGE TWO-
VEGETATION INVENTORY**

FORBS:

Penstemon	<i>Penstemon sp.</i>
Chrysothamnus	<i>Chrysothamnus nauseosus</i>
Snakeweed	<i>Gutierrezia sarothrae</i>
Juniper globe mallow	<i>Sphaeralcea digitata</i>
Cactus	<i>Sclerocactus sp.</i>
Prickly pear cactus	<i>Opuntia polyacantha</i>
Halogeton	<i>Halogeton glomeratus</i>

SHRUBS:

Fourwing saltbush	<i>Atriplex canescens</i>
Mat saltbush	<i>Atriplex corrugata</i>
Winterfat	<i>Krascheninnikovia lanata</i>
Rubber rabbitbrush	<i>Chrysothamnus nauseosus</i>
Shadscale	<i>Atriplex confertifolia</i>

Representative photos are attached as Exhibits 3-10.



ENVIRONMENTAL INDUSTRIAL SERVICES

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Threatened and Endangered Species Inventory Blue Castle Mine GoldTerra

On February 3, 1999 EIS Environmental and Engineering Consulting performed a threatened, endangered & sensitive (TES) inventory of the proposed road (approximately 700 feet) and the proposed mine site (approximately five acres) for the Blue Castle Mine located in Emery County, Utah. (See attached Figure 1). The inventory was conducted by Mel A. Coonrod and David Steed from the firm of EIS located in Helper, Utah.

The road centerline was flagged on-site. An area of 50 feet on each side of the centerline was inventoried. The mine site was identified on the ground by wooden lath with pink flagging. The entire site, including an additional 25 feet buffer zone, was inventoried.

The following plant species have been identified as potential inhabitants of this area. Of the plants listed below, none were located within the proposed area of disturbance.

-catseye crypantha	<i>Cryptantha creuzfeldtii</i>
-canyon sweetvetch	<i>Hedysarum occidentale</i>
-cactus	<i>Sclerocactus</i>
-foot cactus	<i>Pedoecactus despainii</i>

Animal species that were specifically identified as potential inhabitants of this area are as follows:

-ferringenous hawk	<i>Buteo regalis</i>
-golden eagle	<i>Aquila chrysaetos</i>
-burrowing owl	<i>Athene cunicularia</i>

The entire area of disturbance was inventoried as well as an additional 25 feet buffer zone around the proposed mine site. No evidence of the above listed species were observed.

**-PAGE TWO-
TES INVENTORY**

Three burrows were located, one of which appeared to be active.(See Exhibit 1) There was no evidence of black-footed ferret or burrowing owl activity at this site. The habitat was not suitable for loggerhead shrike nesting. No shrubs or trees of sufficient height are located in or near the proximity of the proposed area of disturbance. (See exhibit 2).

A raptor inventory was conducted in the spring of 1998 by Utah Division of Wildlife Resources and EIS personnel. No active or tended nests of any raptors were observed within a one- mile radius of the proposed mine site. However, the pinyon-juniper bench to the west was not inventoried for the nesting raptors. The inventory was concentrated on the escarpment and rubble strewn slopes adjacent to the mine location.

CONCLUSIONS:

Based on the above inventory, no listed TES species were located within the area of potential disturbance.

CULTURAL RESOURCE INVENTORY OF THE
BLUE CASTLE MINE SITE AND ACCESS ROAD
EMERY COUNTY, UTAH

by

Keith R. Montgomery

Prepared For:

Bureau of Land Management
Price River Resource Area Office
Moab District

Prepared Under Contract With:

Blackhawk Engineering, Inc.
Route 1 Box 146-H5
Helper, Utah 84526

Prepared By:

Montgomery Archaeological Consultants
P.O. Box 147
Moab, Utah 84532

February 5, 1999

United States Department of Interior (FLPMA)
Permit No. 98-UT-60122

State of Utah Antiquities Project (Survey)
Permit No. U-99-MQ-0047b

INTRODUCTION

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) for the proposed Blue Castle Mine Site in February, 1999. The project area is situated in Emery County approximately 17 miles southeast of the town of Price, Utah. The archaeological survey was implemented at the request of Dan W. Guy, President of Blackhawk Engineering, Inc., Helper, Utah. The inventory area occurs on public land administered by the Bureau of Land Management (BLM) Price River Resource Area (Moab District).

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area. Also, the inventory was implemented to attain compliance with a number of federal and state mandates, including the National Historic Preservation Act of 1966 (as amended), National Environmental Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, American Indian Religious Freedom Act of 1978, and the Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed by Keith R. Montgomery on February 3, 1999 under the auspices of U.S.D.I. (FLPMA) Permit No. 98-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-99-MQ-0047b, issued to Montgomery Archaeological Consultant, Moab, Utah. A file search for previous surveys and documented archaeological sites was performed by the author at the BLM Price River Resource Area Office (February 3, 1999). This consultation indicated that in 1981 a survey was performed by the University of Utah Archaeological Center for the Kaiser Steel South Lease Mine property (Rauch 1981). A number of prehistoric and historic sites were documented during this project including a test excavation at a rockshelter with Fremont and Numic components (42Em1343). No previously-documented cultural resources occur in the immediate project area.

DESCRIPTION OF PROJECT AREA

The project area is situated on the east side of US 191 between Grassy Wash and Coleman Wash, in Emery County, Utah (Figure 1). The legal description is the E ½, NE ¼, SE ¼ of Township 16 South, Range 14 East, Section 29 (USGS 7.5' Lila Canyon, UT 1985 and Cedar, UT 1985).

In general, the project area lies within the Book Cliffs-Roan Plateau Physiographic Subdivision of the Colorado Plateau (Stokes 1986). The Book Cliffs form an almost continuous cliff face along the Tavaputs Plateau, broken by Horse Canyon situated just north of the inventory area. The geology of the project area is composed of Cretaceous period deposits which date from 144 to an estimated 78 million years ago (Ibid 1986:131). The lowlands west of the Book Cliffs consists of the Blue Gate shale member of the Mancos Shale group which are mainly marine sediments. The Cretaceous rocks yield a

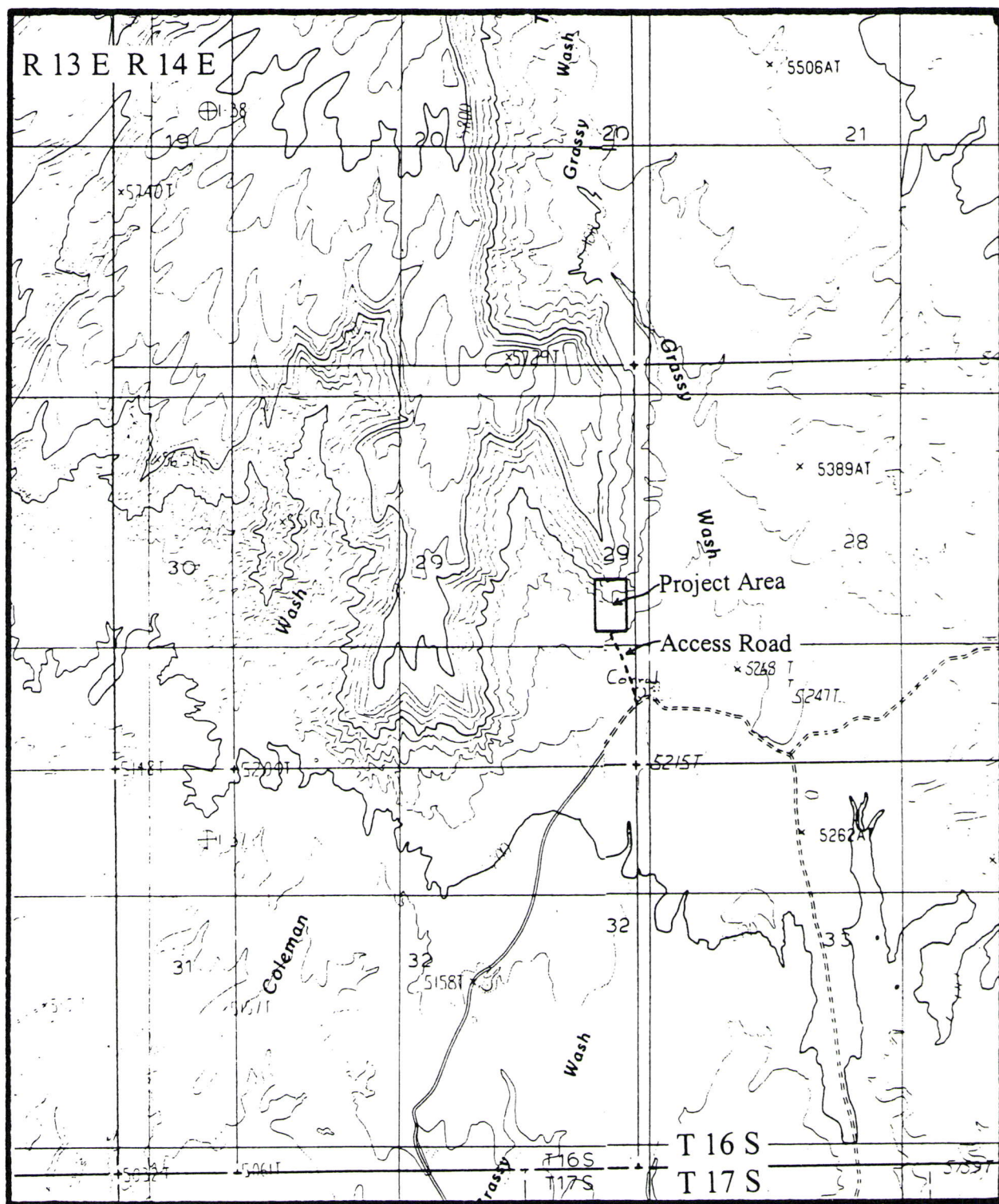


Figure 1. Inventory Area of the Blue Castle Mine Site with Access Road, Emery County, Utah. USGS 7.5' Cedar, UT 1985 and Lila Point, UT 1985. Scale 1:24000.

notable record of both continental and marine vertebrates. Fish are represented chiefly by scales and teeth. The inventory area occurs south of The Cove along the margins of the Mancos lowlands and the foothills of the Book Cliffs. The nearest water source is Grassy Trail Creek located about 4 miles west of the project area. This is technically an intermittent drainage, although it contains water most of the year (Martin et al., 1983). The elevation of the inventory area ranges from 5220 to 5400 feet. The project area lies within a Desert Shrub Association dominated by shadscale, four-wing saltbrush, mat saltbrush, snakeweed, and prickly pear cactus. Landscape disturbances consist of two track roads, livestock grazing, and a out-of-period corral.

SURVEY METHODOLOGY

The archaeologist was accompanied to the field by personnel of Environmental Industrial Services (EIS) and the engineer (Dan W. Guy) who delineated the flagged and staked project perimeters. An intensive or 100% survey coverage was conducted by the archaeologist. The archaeologist walked parallel and zig-zag transects along a 100 foot corridor access road and survey block spaces no more than 10 meters (30 feet) apart. The inventory area included a 1000 foot access road and a block parcel measuring 700 feet north-south by 400 feet east-west. A total of 8.7 acres was inspected for this project situated on public lands administered by the BLM Price River Resource Area (Moab District).

RESULTS AND RECOMMENDATIONS

The inventory of the Blue Castle Mine Site resulted in the identification of a small twin post and rail corral situated along the east side of the proposed access road. The author consulted the range files at the BLM Price Resource Area which indicated the livestock corral was built in 1963. Hence, the historic feature is considered out-of-period.

Based on the findings, a determination of "no effect" to Section 106, CFR 800 is recommended for this project.

REFERENCES CITED

Martin, Cutis W., Harley J. Armstrong, Sally M. Crum, Barbara J. Kutz,
and Lester A. Wheeler

1983 Cedar Siding Shelter Archaeological Excavation of a Multi-Aspect Overhang,
Emery County, Utah. Utah Bureau of Management Cultural Resource Series
No. 15. Salt Lake City, Utah.

Rauch, Rebecca

1981 A Cultural Resource Inventory of the Kaiser Steel Corporation South Lease
Mine Property and a Test Excavation (42Em1343) in Emery County, East
Central Utah. University of Utah Archeological Center, Salt Lake City.

Stokes, William Lee

1986 Geology of Utah. Utah Museum of Natural History, University of Utah, Salt
Lake City.

**GOLDTERRA, INC.
BLUE CASTLE MINE
UTU - 76642**

(S/015/077)

CERTIFIED STATEMENT OF RECLAMATION

GOLDTERRA, INC.
BLUE CASTLE MINE
UTU - 76642
CERTIFIED STATEMENT OF RECLAMATION

General:

The exploration site and access road are located to minimize impact to the hydrologic regime in this area.

The access road will cross 2 small existing drainages near the site; however the channels are approximately 8" deep and 12" wide in these areas. Since this is the upper end of these small channels, small road dips were installed in these areas.

Proposed Reclamation:

The proposed exploration site is a steep, barren shale slope with a small flatter area at the base, as shown on Figures 5 and 7. The plan is to perform extensive sampling of the presumed ore material, using various methods. The exploration may include bulk sampling of up to 1000 tons of presumed ore. This material will be shipped offsite for laboratory analyses. The material may be removed to the angle shown on the mining cross section. Because this is a clay/shale mixture, there are no plans to replace the waste material on the site, due to stability concerns.

Once exploration is completed, all equipment and any structures will be removed from the site. Any trash and contaminated soil will also be removed and taken to an approved disposal site. The barren slope configuration will be as shown on the Reclamation Cross Section. This steep Mancos slope will conform to natural slopes in this area. Due to the lack of natural vegetation on the steep slopes, there are no plans to reseed these areas. The flatter, facilities area and access road will be graded to approximate original contour and ripped to a depth of 6" - 8" using a dozer. These areas will then be reseeded by hand broadcast methods with the seed mix listed in Attachment 1.

As discussed above, no major changes will be made to the existing hydrology for operations of the mine site. During reclamation, the area will be regraded to restore natural drainage patterns prior to mining.

Reclamation Cost:

Reclamation cost estimates for the Blue Castle Mine Exploration Site have been calculated at the request of GoldTerra, Inc. Equipment and labor costs have been taken from the "Means Heavy Construction Data," 31st Annual Edition, 2007.

Reclamation costs are based on recontouring, ripping and reseeding of approximately 3.04 acres, including the road.

Mobilization/Demobilization has been estimated at \$750.00. Seed mix is estimated at \$125.00/acre. D-9 Dozer cost is \$279.35/hr. Labor is \$44.75/hr.

Cost Summary:

1-	Mobilization/Demobilization	=	750.00
2-	Backfilling/Ripping		
	Dozer - 8 Hours @ \$279.35/hr.	=	2,234.80
3-	Reseeding		
	Seed - 3.04 ac. @ \$125.00/acre	=	380.00
	Labor - 8 hrs. @ \$44.75/mh	=	358.00
	Sub-Total Direct Estimated Reclamation Cost	=	<u>\$3,722.80</u>
	10% Contingency	=	372.28
	10% Contractor Profit	=	372.28
	1.5% Labor û Liability Insurance	=	5.37
	12% BLM Administration and Indirect Costs	=	446.74
	Total Estimated Cost	=	<u>\$4,919.47</u>

Note:

A reclamation bond of \$5400/acre of disturbance is presently posted with the Utah Division of Oil, Gas & Mining on this property.

I hereby certify that I have examined the proposed mining site and reclamation plan, and the above calculated cost is considered adequate for reclamation of the site.



**Dan W. Guy
Registered Professional Engineer
State of Utah No. 154168**

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

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DIV. OF OIL, GAS & MINING

SMALL MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Goldterra, Inc.** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **S/015/077** which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

☒ **APPROVED**

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and

workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
5. If the Surety expressly provides for cancellation or termination for non-renewal:
- A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
- B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety

☒ APPROVED

for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

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12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

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The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

GOLDTERRA, INC.
Operator Name

By DANIEL C. SHEPPARD
Authorized Officer (Typed or Printed)
PRESIDENT & CEO
Authorized Officer - Position

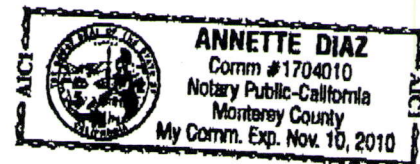
[Signature]
Officer's Signature

03/01/07
Date

STATE OF California
COUNTY OF Monterey) ss:

On the 1 day of March, 2007, Daniel C. Sheppard personally appeared before me, who being by me duly sworn did say that he/she is an Officer/director (owner, officer, director, partner, agent or other (specify)) of the Operator GoldTerra inc. and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors or as may otherwise be required to execute the same with full authority and to be bound hereby.

Annette R.
Notary Public
Residing at Monterey County
Nov. 10, 2010
My Commission Expires:



☒ APPROVED

DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

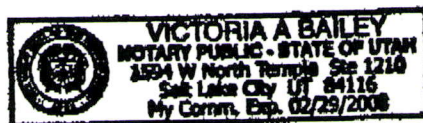
3/20/07
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 20th day of March, 2007, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.

Victoria A. Bailey
Notary Public
Residing at: Salt Lake City, UT

February 29, 2008
My Commission Expires:



FACT SHEET

Commodity: GOLD
Mine Name: Blue Castle
County: Emery
Disturbed Acres: <1

Operator Name: GoldTerra, Inc.
Operator address: 4088 East Airport Road, Price UT 84501 –
Mailing address: P.O. Box 783, Price, UT 84501
Operator telephone: 435-636-8888
Contact: Daniel C. Sheppard
Operator email: dcs@goldterra.com

Surety Type: Bond
Bank Name: Eastern Utah Community Credit Union
Surety Amount: \$5,400.00
Account number: 1
Contact: Paula Jacquez - 435-637-2443

Escalation Year: 2009



January 26, 2007

State of Utah, Dept. Of Natural Resources
Division of Oil, Gas, and Mining
1594 W North Temple, Ste 1210
PO Box 145801
Salt Lake City, UT 84114-5801

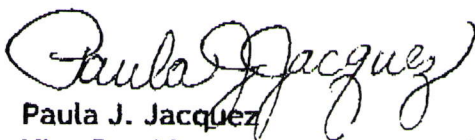
Attn: Ms. Beth Ericksen

This letter acknowledges receipt of a Reclamation Surety by Eastern Utah Community Credit Union from the Division of Oil, Gas, and Mining. The Eastern Utah Community Credit Union agrees to the terms and instructions of the CD Agreement letter. An administrative hold (restriction) has been placed on the account in the amount identified below until such time redemption or release authorization is provided by the Division in accordance with the instructions per the CD agreement letter.

Mine Site: Blue Castle Mine DOGM File#S15/00/77
Account Name: Goldterra, Inc.
Account Number: _____
Principal Amount: \$5,400.00
Original Acknowledgement: 01/26/2007

Sincerely,

EASTERN UTAH COMMUNITY CREDIT UNION


Paula J. Jacquez
Vice President

☒ APPROVED

RECEIVED
MAR 02 2007
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

February 1, 2007

Eastern Utah Community Credit Union
675 East 100 North
Price, Utah 84501

Attention: Paula J. Jacquez, Vice President, 435-637-2443, paula@euccu.com

Subject: Reclamation Surety, Certificate of Deposit for Goldterra, Blue Castle Mine Site, S/015/077
Emery County, Utah, BLM Serial Number UTU 79587

Certificate of Deposit no. 1 _____ Principal Amount \$5400.00.

This letter describes the mutually agreed upon instructions of the below signed parties to Eastern Utah Community Credit Union ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Blue Castle ("Mine Site"), Emery County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$5400.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the BLM upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Goldterra, Inc., a foreign corporation, but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and BLM and is subject to the terms and conditions described in this agreement. Bank hereby acknowledges the pledge of the aforesaid CD to the Division and the BLM and agrees to record the information in the bank's written and electronic records of book entry.

Redemption:

Release:

04/03/2007 22:24 FAX 831 455 9007

Accrued Interest:

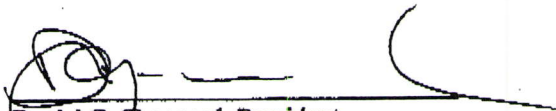
Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$5400.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

*SEE authorized
signature attached*
John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: _____


Daniel C. Sheppard, President
Goldterra, Inc.
Tax ID Number: _____

Date: 02/01/07

*SEE authorized
signature attached*
Paula J. Jacquez, Vice President
Eastern Utah Community Credit Union

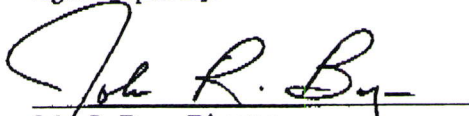
Date: _____

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$5400.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

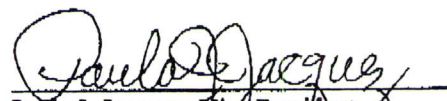
Agreed Upon By:


John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: 3/20/07

See authorized
signature attached
Daniel C. Sheppard, President
Goldterra, Inc.
Tax ID Number: _____

Date: _____


Paula J. Jacquez, Vice President
Eastern Utah Community Credit Union

Date: 2/1/2007

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 30, 2007

Dan Sheppard
Goldterra
4088 East Airport Road
P. O. Box 783
Price, Utah 84501

Subject: Reclamation Surety and Reclamation Contract, Goldterra, Blue Castle Mine, S0150077, Emery County, Utah

Dear Mr. Sheppard:

On March 20, 2007, the Director of the Division of Oil, Gas and Mining signed the reclamation contract for the Blue Castle Mine Project Notice of Intention to Commence Small Mining Operations (NOI), file number S0150077. A copy of the executed reclamation contract/surety is enclosed for your records. This action has made it possible for your existing reclamation surety to be in place with the Division; however, you should note that there are deficiencies either in your Notice of Intent or in your surety/bond amount that need to be rectified.

The amount of surety/bond that is currently posted does not correspond with the information in your NOI. The surety is based on one acre of disturbance, but the NOI says the disturbance will be five acres. Since your NOI indicates you may disturb up to five acres, the Division must assume this much area could be disturbed. At the present time the average cost estimate for the first acre is \$5400 with \$3300 for each additional acre, which amounts to \$18,600 for a five-acre site. The actual disturbance is about one acre, and the surety you submitted is adequate for this much area.

Unless you decide to reclaim the site, there are two options available:

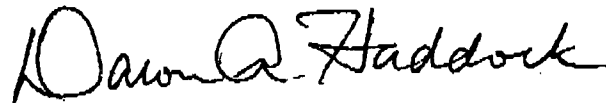
1. Amend the NOI to reflect the actual disturbance area.
2. Submit an additional \$13,200 in surety.

To amend the NOI, please file form MR-REV-SMO/EXP together with replacement pages for the NOI. Copies of the form and of pages from the NOI are enclosed.

Dan Sheppard
Page 2 of 2
S0150077
March 30, 2007

If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Paul Baker at 538-5261. Thank you for your help in completing this very important regulatory requirement.

Sincerely,



Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:pb

Enclosure: Copy of reclamation contract/surety

Form MR-REV-SMO/EXP

Pages and Maps from NOI

cc: Beth Erickson

Rebecca Doolittle, Price BLM

P:\GROUPS\MINERALS\WPM015-Emery\S0150077-BlueCastle\Final\app-def-03272007.doc